

## HISTORICAL AND PROJECTED OPERATING RESULTS

*In the preparation of the projections in this Official Statement, the City has made certain assumptions with respect to conditions that may occur in the future. While the City believes these assumptions are reasonable for the purpose of the projections, they depend upon future events, and actual conditions may differ from those assumed. The City does not represent or guarantee that actual results will replicate the estimates in the various tables set forth in this Official Statement. The electric industry has undergone significant changes, as discussed in this Official Statement. Potential purchasers of the Bonds should not rely on the projections in this Official Statement as statements of fact. Such projections are subject to change, and will change, from time to time. The City has not committed itself to provide investors with updated forecasts or projections.*

*Neither the Department's independent auditors, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the projected financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.*

### Historical Results—2000-2002

Financial results in 2000 and 2001 were heavily influenced by water conditions in the Northwest region and by price levels in the wholesale power market. Energy available to the Department in 2000 and 2001 had been reduced by the sale of the Centralia Steam Plant in May 2000 and by extremely poor water conditions in the water year beginning October 1, 2000. At the same time, wholesale market prices increased to extremely high levels. In 2000, the Department's purchases of power in the wholesale market exceeded its sales by 548,168 MWh. The net cost of wholesale transactions was \$109.3 million. In 2001, net purchases amounted to 1,942,383 MWh at a net cost of \$444.9 million.

Revenues from sales of electricity to retail customers in the Department's service area rose from \$383.7 million in 2000 to \$500.9 million in 2001 and \$562.4 million in 2002. The 46.6 percent increase in retail revenue from 2000 to 2002 reflects the four rate increases implemented in 2001. See "The Department—Retail Rates." Offsetting the effect of the rate increases, the volume of sales fell by 5.1 percent from 2000 to 2001 and by an additional 0.6 percent in 2002. See "Customers, Energy Sales and Peak Loads."

The cost of power supply, including wholesale market purchases, long-term purchased power contracts and the operating costs of the Department's hydroelectric facilities, increased from \$322.9 million in 2000 to \$703.2 million in 2001. The cost of wholesale market purchases increased from \$212.4 million in 2000 to \$518.8 million in 2001, as a result of poor water conditions and high market prices in 2001. With water conditions and market prices at more normal levels in 2002, the cost of wholesale purchases fell to \$23.2 million. Purchased power costs increased from \$79.3 million in 2000 to \$161.3 million in 2001 and \$225.5 million in 2002 as additional power became available under the Department's contracts with Bonneville, the City of Klamath Falls and the State Line Wind Project. The cost of Bonneville power increased from \$34.4 million in 2000 to \$66.8 million in 2001 and \$134.8 million in 2002. Power from the Klamath Falls Cogeneration Project cost \$18.5 million in 2001 and \$39.7 million in 2002. Delivery of power from the State Line Wind Project commenced in 2002 at a cost of \$6.5 million.

Wheeling costs increased from \$18.4 million in 2000 to \$21.9 million in 2001 and \$31.1 million in 2002. A 25 percent increase in Bonneville's transmission rates on October 1, 2001, was the main cause of the growth in wheeling costs. Other operating and maintenance costs for transmission, distribution, customer services, conservation, and administration rose from \$104.6 million in 2000 to \$115.6 million in 2001 and \$119.3 million in 2002. Some of the growth in costs from 2000 to 2001 reflected the fact that expenses in 2000 were offset by payments for services. In 2001 and 2002 these payments were treated as operating revenues, rather than as offsets to expense.

Debt service payments on Parity Bonds decreased from \$83.2 million in 2000 to \$61.6 million in 2001, reflecting the refinancing of certain scheduled payments of principal and interest in 2001 and the capitalization of \$9.8 million in interest costs on the 2001 Parity Bonds. Principal and interest payments on the

Department's \$503.7 million 2001 Parity Bond issue caused debt service in 2002 to increase to \$110.7 million.

Debt service on Subordinate Lien Bonds decreased from \$6.7 million in 2000 to \$5.7 million in 2001 and \$4.9 million in 2002 as short-term interest rates fell to low levels.

In 2000, net revenue available for debt service was equal to 1.26 times debt service on Parity Bonds and 1.16 times debt service on Parity Bonds and Subordinate Lien Bonds. In 2001, the City Council authorized the deferral of \$300 million in excess power costs from 2001 to the following three years. The Department will amortize the deferred costs in equal monthly amounts from January 2002 through December 2004. With net revenue in 2001 calculated to include the deferred power costs, net revenue was equal to 1.42 times debt service on Parity Bonds and 1.30 times debt service on Parity Bonds and Subordinate Lien Bonds. In 2002, net revenue was equal to 1.61 times Parity Bond debt service and 1.54 times Parity Bond and Subordinate Lien Bond debt service. If net revenue is adjusted to exclude the amortization of \$100 million of power costs deferred from 2001, Parity Bond debt service in 2002 would be covered 2.51 times.

### **Projected Results—2003**

The Department currently projects retail revenues of \$551.4 million in 2003, a reduction of \$11.0 million, or 2.0 percent, from the prior year. The volume of energy sales is projected to be 1.4 percent lower than in 2002, due to continuing weakness in the local economy and warmer weather in the 2002-2003 winter.

Revenue from wholesale sales is projected to be \$164.1 million. With wholesale purchases at a projected level of \$36.0 million, net revenue from wholesale transactions is expected to be \$128.1 million, a significant improvement over the \$89.6 million in net wholesale revenue recorded in 2002. Through mid-June 2003, power worth \$99.7 million had either been delivered to other counterparties or sold forward for delivery by the end of the year. Higher prices in the wholesale market account for most of the growth in wholesale revenue. The average price for wholesale sales in 2003 is expected to be \$37.08 per MWh. In 2002 the average sales price was \$24.27 per MWh. The amount of power delivered in the wholesale market, net of wholesale purchases, is expected to be 7.6 percent lower in 2003 than in 2002, due to less favorable water conditions in 2003.

Purchased power costs are projected to increase from \$225.5 million in 2002 to \$255.3 million in 2003. The cost of power purchased from Bonneville is expected to be \$158.5 million in 2003, an increase of \$23.7 million from 2002. True-up payments for the Slice product and a projected 14 percent Safety-Net CRAC increase effective October 1, 2003, account for most of this increase. Purchases of power from the State Line Wind Project are also projected to increase, raising costs by \$4.3 million.

Operation and maintenance expenses, excluding wholesale purchases, purchased power costs and taxes, are expected to increase by \$1.1 million from 2002 to 2003, an increase of 0.7 percent. A projected reduction in wheeling costs of \$0.9 million partially offsets an increase of \$1.4 million in operations and maintenance costs at the Department's hydroelectric plants. Costs in the remaining categories of operations and maintenance are projected to increase by \$0.7 million.

Parity Bond debt service is projected to be \$105.7 million in 2003, a decrease of \$5.0 million from the 2002 level, reflecting the retirement of Parity Bonds at maturity and the refinancing of bonds in December 2002. Debt service on Subordinate Lien Bonds is projected to increase from \$4.9 million in 2002 to \$5.3 million in 2003, due primarily to an increase in scheduled maturities.

Net revenue available for debt service in 2003, before taking into account the amortization of power costs deferred from 2001, is projected to be \$275.3 million, which is sufficient to cover Parity Bond debt service 2.60 times and the sum of Parity Bond and Subordinate Lien Bond debt service 2.48 times. When the amortization of \$100 million of deferred power costs is recognized, Parity Bond debt service is projected to be covered 1.66 times. Parity Bond and Subordinate Lien Bond debt service is expected to be covered 1.58 times.

Through May 31, 2003, the Department recorded net income of \$26.7 million, an increase of \$1.4 million from the same period in 2002. A decrease in retail revenues was offset by an increase in net revenue from wholesale market sales and purchases and a reduction in purchased power costs. Operations and maintenance costs, excluding hydroelectric production, purchased power and wheeling, increased by \$2.9 million from the prior year. Interest expense was \$3.8 million lower, and contributions in aid of construction increased by \$2.2 million.

**STATEMENT OF REVENUES, EXPENSES AND NET INCOME**  
**JANUARY 1 THROUGH MAY 31**  
**(\$000, UNAUDITED)**

	<u>Actual</u>		<u>Increase/</u>
	<u>2003</u>	<u>2002</u>	<u>(Decrease)</u>
Operating Revenues			
Retail Power Revenues	249,792	265,343	(15,551)
Wholesale Power Revenues	79,742	52,169	27,573
Other Revenues	5,662	4,696	966
Total Operating Revenues	335,196	322,208	12,988
Operating Expenses			
Operation and Maintenance Expense *	230,944	212,377	18,567
Taxes	27,700	28,655	(955)
Depreciation	29,049	29,197	(148)
Total Operating Expenses	287,693	270,229	17,464
Net Operating Income:	47,503	51,979	(4,476)
Nonoperating Revenues/(Expenses)			
Investment Income	3,075	4,187	(1,112)
Other Income (Expense), Net	(100)	49	(149)
Interest Expense	(31,129)	(34,949)	3,820
Amortization of Debt Expense	(496)	(1,186)	690
Total Nonoperating Revenues/(Expenses)	(28,650)	(31,899)	3,249
Income/(Loss) before Contributions, Grants, and Transfers	18,853	20,080	(1,227)
Contributions, Grants and Transfers			
Contributions in Aid of Construction	7,515	5,318	2,197
Grants and Transfers	367	(49)	416
Total Contributions, Grants and Transfers	7,882	5,269	2,613
NET INCOME/(LOSS)	26,735	25,349	1,386

\* In December 2001, \$300 million of short-term power purchases incurred in 2001 were deferred and are being amortized at \$100 million annually in 2002, 2003 and 2004. For 2002 and 2003, year-to-date purchased power costs include the amortization of \$41.7 million of purchased power costs deferred from 2001.

## **Projected Results—2004-2008**

The Department's current forecast of retail revenue assumes that average rates in 2004 will be 1.4 percent higher than in 2003 due to the increase in rates effective May 1, 2003, for customers in the City of Tukwila and an increase in the rates to be paid by the Department's sole interruptible customer in 2004. Average rates are expected to fall by 3.7 percent in 2005 when new rates are expected to take effect pursuant to the Department's new financial policies. The new financial policies require that rates in 2005 and 2006 be sufficient to provide 95 percent confidence that net revenues after payment of all current obligations will be at least \$12.5 million in each year in order to fund a contingency reserve account of \$25 million. In 2008, with the contingency reserve account fully funded, rates are assumed to be 5.2 percent below the 2005 level. See "The Department—Financial Policies."

The forecast of wholesale market sales and purchases assumes average water conditions throughout the 2004-2008 period. Net revenue from wholesale market transactions is expected to range from a high of \$144.0 million in 2004 to a low of \$115.1 million in 2006. The amount of surplus energy available for sale in the wholesale market is projected to decline from 2004 through 2006, as the energy available from a number of contracted resources declines and as system load increases. In 2007, an increase in the amount of energy available under the Bonneville power sales contract, effective October 1, 2006, is assumed to be partially offset by the expiration of the contract for power from the Klamath Falls Cogeneration Project. The average price for wholesale sales is expected to rise from \$31.14 per MWh in 2004 to \$34.46 per MWh in 2008. The prices assumed in the 2004-2008 period are substantially lower than current prices in the forward market for that period, which exceed \$40 per MWh. See "Power Resources—Wholesale Market Sales and Purchases."

Purchased power costs are projected to be relatively stable from 2004 through 2008, ranging from a high of \$265.1 million in 2005 to a low of \$247.9 million in 2008. The expiration of the Klamath Falls contract is the major factor contributing to the decline in purchased power costs from 2005 through 2008.

Wheeling costs are projected to increase from \$34.4 million in 2004 to \$41.8 million in 2008, due to projected increases in transmission rates.

Other costs of operations and maintenance are projected to increase from \$123.3 million in 2004 to \$141.2 million in 2008. Conservation costs, including the cost of amortizing the Department's growing conservation investments, are expected to increase throughout the period, from \$11.8 million in 2004 to \$16.1 million in 2008. Excluding conservation, operations and maintenance costs are projected to increase at an average rate that exceeds the rate of inflation by one percent.

Financing the Department's capital requirements is expected to require the issuance of \$95 million of Parity Bonds and \$120 million of Subordinate Lien Bonds over the period from 2004 through 2008. In these years, approximately 51 percent of capital requirements are expected to be financed from current revenues, with the remainder of the financing coming from bond proceeds (32 percent) and contributions in aid of construction and payments from Bonneville and customers for conservation programs (17 percent).

Debt service on Parity Bonds is projected to increase from \$122.6 million in 2004 to \$129.2 million in 2008. Debt service on Subordinate Lien Bonds is expected to rise from \$6.9 million in 2004 to \$16.3 million in 2008. Before recognizing the amortization of deferred power costs, coverage in 2004 is expected to be 2.48 times debt service on Parity Bonds and 2.35 times the sum of Parity and Subordinate Lien Bonds debt service. If the amortization of deferred power costs is taken into account, coverage in 2004 is expected to be 1.67 times Parity Bonds debt service and 1.58 times total debt service. Over the 2005-2008 period, net revenues are expected to be equal to 2.16 times debt service on Parity Bonds and 1.96 times total debt service.

## **Uncertainty of Projections and Potential Mitigating Actions**

In projecting its financial results for the period through 2008, the Department has made a number of assumptions regarding the factors that affect its financial performance. If actual experience differs from the assumptions made with regard to these factors, the Department's actual financial results could differ significantly from the results projected in its forecast. The factors the Department believes are most likely to

affect its financial results are load growth within the Department's service territory, water conditions in the watersheds of concern to the Department, prices in the wholesale power market, and prices charged by Bonneville under its power sales contract with the Department.

*Load Growth.* If load growth in a given year were to exceed the amount projected, the amount of surplus energy available to the Department would be reduced. The Department would receive more revenue from sales to its retail customers and less revenue from sales of surplus energy in the wholesale market. Through 2008 the Department's average revenue per MWh of retail sales (net of taxes) is projected to be higher than the average price in the wholesale market. Under these conditions, an increase in load would result in a net financial benefit to the Department. For example, if load in 2004 were one percent higher than projected, the net benefit to the Department would be about \$2.4 million, given the assumptions in the forecast regarding the Department's rates and prices in the wholesale market. Conversely, if load were one percent lower than projected, the Department's net revenue would be about \$2.4 million lower than projected. The effect of load variances is expected to diminish in the years beyond 2003 because the difference between the Department's average retail rate and the average market price is projected to narrow.

*Water Conditions.* The Department expects to have an average of approximately 4.0 million MWh of surplus energy available for sale in the wholesale market over the 2004-2008 period under average water conditions. Under adverse water conditions that would be expected to be exceeded with 95 percent confidence, the amount of surplus energy available could be as low as 1.4 million MWh in a given year. With water in short supply, wholesale market prices might be expected to be higher than normal. Under these circumstances, revenues from surplus energy sales would therefore be approximately \$70 million lower than currently projected. Conversely, under favorable water conditions that would be expected to be exceeded with five percent confidence, the amount of surplus energy available could be as high as 7.0 million MWh. Under such surplus conditions, market prices would be expected to be lower than normal, and revenues from the sale of the surplus would be approximately \$50 million higher than projected.

*Wholesale Market Prices.* The Department expects to sell its surplus energy in the wholesale market at average prices ranging from \$31.14 per MWh in 2004 to \$34.46 per MWh in 2008. Wholesale market prices in the Department's forecast from 2004 through 2007 are about 24 percent lower than forward prices in the wholesale market as of mid-July 2003. The price projected for 2008 is the 2007 price plus inflation. If the actual price in the wholesale market in a given year exceeds these estimates by \$1 per MWh and the amount of surplus energy available is at the expected level of approximately 4 million MWh, the Department would realize approximately \$4 million in additional revenue. Conversely, the Department's revenues would be reduced by \$4 million if the wholesale market price were \$1 per MWh below the price assumed in the forecast.

*Bonneville Prices.* The prices charged by Bonneville under its power sales contract with the Department currently include surcharges of 49.5 percent on the Block product and 39.5 percent on the Slice product under the CRAC. The Department is required by City ordinance to pass through the effects of changes in the Bonneville surcharge on its costs by adjusting retail rates. If the Bonneville surcharge for both the Block and Slice products were to increase by ten percentage points in a given year, the Department's purchased power costs would increase by about \$12 million, and retail rates would increase by approximately two percent to offset the resulting increase in costs. Conversely, if the surcharge were to decline by ten percentage points, the Department would experience a \$12 million reduction in its costs, and retail rates would be lowered by about two percent. Therefore, any increases or decreases in Bonneville rates would result in increases or decreases in the Department's retail rates, but would not affect net revenue.

*Mitigating Actions.* If actual results differ from those assumed in the Department's projections due to the risk factors discussed above, the City has a number of options for dealing with the financial consequences. First, the Department could take action to reduce its operating costs. Second, the City could leave rates in effect at their current levels for a longer period of time than now anticipated, deferring the point in time at which the new financial policies would allow rates to be reduced. Third, the City could increase rates beyond their current levels. Fourth, the City could mitigate any cash flow problems through the use of temporary loans from the City's Cash Pool. Finally, the City could issue additional short-term debt instruments.

**SUMMARY OF HISTORICAL AND PROJECTED OPERATING RESULTS <sup>(1)</sup>**  
**(\$000)**

	<b>Actual</b>			<b>Projected</b>					
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Operating Revenues:</b>									
Retail Energy Sales in Seattle Service Area <sup>(2)</sup>									
Residential	\$ 150,773	\$ 187,802	\$ 210,221	\$ 203,052	\$ 206,354	\$ 202,112	\$ 209,957	\$ 202,344	\$ 197,849
Commercial	152,085	206,083	239,964	230,405	236,062	228,159	237,991	231,094	229,047
Governmental	33,585	43,958	50,655	51,351	54,060	53,477	57,272	57,250	57,850
Industrial	47,231	63,043	61,592	66,589	77,447	74,949	78,645	77,006	76,729
Subtotal	\$383,674	\$500,886	\$562,432	\$551,397	\$573,924	\$558,697	\$583,865	\$567,694	\$561,476
Retail Energy Sales Outside Service Area <sup>(3)</sup>	7,904	2,551	0	0	0	0	0	0	0
Wholesale Power Sales	103,082	73,899	112,796	164,105	144,997	137,230	116,695	125,981	126,561
Power Exchanges and Other <sup>(4)</sup>	5,050	41,573	18,995	21,894	27,275	27,028	31,731	32,697	33,257
Transmission Revenues <sup>(5)</sup>	2,138	2,731	2,116	2,532	2,216	2,272	2,328	2,384	2,446
Other Revenue	3,781	7,922	12,992	12,799	12,944	12,753	13,130	13,522	13,868
<b>Total Revenue</b>	<b>\$505,629</b>	<b>\$629,562</b>	<b>\$709,330</b>	<b>752,728</b>	<b>\$761,356</b>	<b>\$737,980</b>	<b>\$747,750</b>	<b>\$742,278</b>	<b>\$737,608</b>
<b>Operating Expenses Before Debt Service:</b>									
Wholesale Market Purchases	\$ 212,402	\$ 518,782	\$ 23,154	\$ 36,006	\$ 973	\$ 1,860	\$ 1,596	\$ 1,673	\$ 2,006
Long-Term Purchased Power Contracts	79,305	161,292	225,534	255,293	256,296	265,148	258,087	258,297	247,938
Production	31,170	23,077	24,829	26,191	27,080	28,118	29,395	30,342	31,180
Wheeling	18,432	21,906	31,065	30,126	34,367	35,769	38,103	38,937	41,846
Other Operating and Maintenance Expenses <sup>(6)</sup>	104,555	115,603	119,333	120,055	123,327	128,422	133,023	137,296	141,245
Taxes (excluding City taxes)	18,845	21,915	26,256	27,014	28,072	28,112	29,097	28,229	28,455
<b>Total Operating Expenses Before Debt Service</b>	<b>\$ 464,709</b>	<b>\$ 862,575</b>	<b>\$ 450,171</b>	<b>\$ 494,684</b>	<b>\$ 470,115</b>	<b>\$ 487,429</b>	<b>\$ 489,301</b>	<b>\$ 494,773</b>	<b>\$ 492,669</b>
<b>Net Operating Revenue</b>	<b>\$40,920</b>	<b>(\$233,013)</b>	<b>\$259,159</b>	<b>\$258,044</b>	<b>\$291,242</b>	<b>\$250,551</b>	<b>\$258,449</b>	<b>\$247,505</b>	<b>\$244,938</b>
Add:									
Amortization Included in Operating Expenses <sup>(6)</sup>	\$ 7,825	\$ 8,873	\$ 9,803	\$ 7,434	\$ 6,311	\$ 7,540	\$ 8,957	\$ 10,031	\$ 11,085
Proceeds of Property Sales <sup>(7)</sup>	41,464	(8)	695	2,000	2,000	2,051	2,101	2,152	2,208
Operating Fees and Grants	565	1,382	741	300	300	300	300	300	300
Other Income	13,868	10,370	7,428	7,547	6,632	11,387	12,090	12,796	12,998
<b>Revenue Available for Debt Service</b>	<b>\$ 104,642</b>	<b>\$ (212,396)</b>	<b>\$ 277,825</b>	<b>\$ 275,325</b>	<b>\$ 306,485</b>	<b>\$ 271,829</b>	<b>\$ 281,897</b>	<b>\$ 272,784</b>	<b>\$ 271,530</b>

**Footnotes to Table:**

- (1) Results for 2001 have been restated to comply with recent changes in accounting standards. Several items that are included in revenues in the table above had been treated as offsets to operating expenses prior to the restatements.
- (2) The projection of revenue from retail sales reflects the average rate increase of 1.2 percent that took effect on April 1, 2003, and the increase in rates for customers in the City of Tukwila that took effect on May 1, 2003, and assumes a reduction of 0.4 percent effective October 1, 2003, to pass through anticipated changes in Bonneville rates. Beginning in 2005, rates are assumed to be set in compliance with the new financial policies established by the City Council. Average rates are assumed to decline by 3.7 percent in 2005 and by an additional 5.2 percent from 2005 to 2008. See “The Department—Financial Policies.”
- (3) Sales to Nordstrom facilities in California.
- (4) Includes conservation and renewal credits under the power sales contract with Bonneville, the recognition of payments from Bonneville for the purchase of conservation savings, revenue from the provision of integration and exchange services related to the State Line Wind Project, revenue related to contracts with Grant County PUD for Priest Rapids power beginning in 2005, the valuation of energy delivered under seasonal exchanges, revenue from deliveries of energy to Pend Oreille PUD pursuant to Article 49 of the Boundary Project license, and other energy credits.
- (5) Includes revenue from the rental of transmission facilities to Bonneville and Snohomish County PUD and revenue from the sale of transmission capacity.
- (6) Includes certain non-cash amortization expenses. Non-cash expenses are not taken into account in determining the amount of net revenue available for debt service. Net revenues therefore are adjusted to exclude these costs
- (7) Proceeds from the sale of the Centralia Steam Plant in 2000 amounted to \$41,399,000.

**HISTORICAL AND PROJECTED DEBT SERVICE COVERAGE**  
(\$000)

	Actual			Projected					
	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Revenue Available for Debt Service</b>	\$ 104,642	\$ (212,396)	\$ 277,825	\$ 275,325	\$ 306,485	\$ 271,829	\$ 281,897	\$ 272,784	\$ 271,530
Deferral/(Amortization) of Power Costs <sup>(1)</sup>		300,000	(100,000)	(100,000)	(100,000)				
<b>Adjusted Revenue Available for Debt Service</b>	\$ 104,642	\$ 87,604	\$ 177,825	\$ 175,325	\$ 206,485	\$ 271,829	\$ 281,897	\$ 272,784	\$ 271,530
<b>Debt Service:</b>									
Parity Bonds	83,206	61,552	110,665	105,719	123,373	124,332	125,478	129,762	129,765
Subordinate Lien Bonds	6,680	5,749	4,870	5,304	6,947	10,260	12,377	13,230	16,285
<b>Total Debt Service</b>	\$ 89,886	\$ 67,301	\$ 115,535	\$ 111,024	\$ 130,320	\$ 134,592	\$ 137,855	\$ 142,992	\$ 146,050
<b>Debt Service Ratios (giving effect to deferral/amortization of power costs) :</b>									
Times Covered - Parity Bonds <sup>(2)</sup>	1.26	1.42	1.61	1.66	1.67	2.19	2.25	2.10	2.09
Times Covered - Parity and Subordinate Lien Bonds <sup>(3)</sup>	1.16	1.30	1.54	1.58	1.58	2.02	2.04	1.91	1.86
<b>Debt Service Ratios (without giving effect to deferral/amortization of power costs) :</b>									
Times Covered - Parity Bonds <sup>(4)</sup>	1.26	(3.45)	2.51	2.60	2.48	2.19	2.25	2.10	2.09
Times Covered - Parity and Subordinate Lien Bonds <sup>(5)</sup>	1.16	(3.16)	2.40	2.48	2.35	2.02	2.04	1.91	1.86

- (1) Deferral of excess power costs in 2001 and amortization of these costs in 2002, 2003 and 2004 has been authorized by the City Council.
- (2) Determined by dividing Adjusted Revenue Available for Debt Service by Parity Bond Debt Service.
- (3) Determined by dividing Adjusted Revenue Available for Debt Service by the sum of Parity Bond Debt Service and Subordinate Lien Bond Debt Service.
- (4) Determined by dividing Revenue Available for Debt Service by Parity Bond Debt Service.
- (5) Determined by dividing Revenue Available for Debt Service by the sum of Parity Debt Service and Subordinate Lien Bond Debt Service.